UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.

RESEARCH AND MARKETING ACT CONTRACT
between

MICHIGAN STATE COLLEGE OF AGRICULTURE AND APPLIED SCIENCE
and

UNITED STATES DEPARTMENT OF AGRICULTURE
for

Appraisal of Farmers' Use of Market Information

WHEREAS, in an effort to aid farmers and others in making decisions that will result in better coordination of agricultural production with changing market requirements, and result in more effective marketing of agricultural products, Federal and State agencies spend large sums of money annually in gathering economic information that reflects both current and prospective market conditions, including estimates of crop size, market prices, storage holdings, movement, and farmers' intentions to produce and market, plus analyses of current conditions and forecasts, and

WHEREAS, little is known about farm use of this information, or its limitations and potentialities as an aid in farmer decision making, and

WHEREAS, only limited studies have been made of factors influencing farmers' decisions, and sound research methodology needs to be developed for carrying on such studies, and

WHEREAS, the United States Department of Agriculture has undertaken research to improve the effectiveness of Federal-State market information, and as part of this research effort a better understanding is needed of how farmers use this information, and

WHEREAS, the Secretary of Agriculture, through his designated representative, in accordance with the provisions of the Research and Marketing Act of 1946, Public Law 733, 79th Congress 7 U. S. C. 427i; 7 U. S. C. 1624, has determined that the research and service work and functions relating thereto, hereinafter referred to as "project," provided for herein, will be carried out more effectively, more rapidly, or at less cost than if performed by the United States Department of Agriculture, hereinafter referred to as "Department," and

WHEREAS, the Michigan State College of Agriculture and Applied Science, * a public educational institution of the State of Michigan, located at East Lansing, Michigan, hereinafter called the contractor, is in a position to undertake, perform, and complete the project provided for herein.

NOW, THEREFORE, it is agreed between the parties that:

I. The Contractor shall determine in one agricultural producing area in Michigan the information regarding current and prospective market conditions (including crop estimates) farmers use, where and how they obtain this information, how they use it, and shall evaluate the adequacy of this information as an aid to farmers in making marketing and related production decisions. To these ends the contractor shall:

A. Select the area to be studied taking into account the importance of agricultural commodities produced, nature of production and marketing decisions made, nature of product grading done, selling procedures, types of buyers patronized, and variety and accessibility of communication media. This review will be based primarily on production records and knowledge of marketing conditions already available from research publications and other sources.

B. Compile an inventory of economic information being distributed to farmers and marketing organizations in the selected area. To compile this inventory, information will be obtained from representatives of originating sources of information and principal agencies for disseminating it in the areas selected. These will include such sources as the State statistician, Market News reporters, Extension Service marketing specialists, county agricultural agents, radio station and newspaper farm editors, farm magazine editors, and private groups disseminating information. In addition data will be obtained concerning major recent attempts by these agencies to influence farmers to increase or decrease the production of specific commodities or to influence their marketing decisions.

---

* Contractor represents that the aggregate number of his employees and his affiliates is /_/500 or more; /_/less than 500; and that he /_/has /_/ has not employed or retained any company or person (other than a full-time bona fide employee working solely for the contractor) to solicit or secure this contract; and that he /_/has /_/has not paid or agreed to pay to any company or person (other than full-time bona fide employee working solely for the contractor) any fee, commission, percentage or brokerage fee, contingent upon or resulting from the award of this contract, and agrees to furnish information relating thereto as requested by the contracting officer.

C. Survey sample of at least 100 farmers in the selected area by means of personal interview to determine, as specifically as possible: (1) Kinds of economic information relating to current and prospective market conditions received by farmers, (2) sources from which farmers obtain such information, (3) uses farmers make of it, and (4) effects of any recent attempts by agencies disseminating economic information to influence farmers' decisions. The information developed under foregoing sections (A) and (B) as to kinds of economic decisions farmers are making, and kinds of information being distributed, will be evaluated in planning the questionnaire used.

D. When individual farmers in the selected areas are found to obtain economic information from other farmers, feed dealers, buyers or any other informal source rather than directly from radio, newspapers, or mailed reports, the principal informal sources of information will be identified and the manner in which such information reaches farmers will be examined in order to determine the scope and influence of informally transmitted information on farmers' decisions.

E. Survey a representative sample of farmer cooperative marketing associations and private buyers serving farmers in the selected area in order to determine how, in their operations, they are using economic information and in turn influencing farmers' decisions. These findings will be compared to responses from the survey of farmers.

F. The information obtained from the several sources specified in the foregoing will be analyzed to determine how well economic information is serving farmer needs in making marketing and related production decisions. This analysis will include an examination of how farmers respond to economic information, both as individuals and as groups. In the appraisal of group action an examination will be made of the amount of leadership exerted by individual farmers, county agents, farm editors, cooperative and private marketing agencies and other organizations. In addition, the analysis will include as appropriate an evaluation of what modifications or additions to presently available economic information would be of most benefit to farmers. If some already generally available information either is not reaching farmers or is reaching them in a form or manner restricting its usefulness, this will be pointed out.

II. In order to carry out successfully the work specified in part I, and to strengthen the basis of research methodology available for appraising farmers' use of market information, the contractor shall:

A. Review, insofar as appropriate, research methods and techniques used to measure factors influencing decision making in related fields.

B. Explore ways by which the information needed to achieve objectives of this project can be obtained most effectively.

C. Develop a suitable methodological approach for the study as outlined in part I, including questionnaires to be used.

D. Employ the procedures and questionnaires developed in section II B and II C in a pretest of an adequate number of farmers and marketing agencies in a limited agricultural producing area so as to test the methodology, questionnaires, and the appropriateness of the approach in obtaining information needed to meet project objectives.

E. Apply the methodology developed and tested in section A, B, C, and D above in carrying out work under part I.

Report requirements

III. The contractor shall prepare and submit to the contracting officer:

A. Prior to the pretest provided in section II D, copies of the questionnaires to be used, and a statement describing methodology to be tested, reasons for selecting specific techniques, and any specific decisions farmers are making which will be studied will be submitted to the Department.

B. Upon completion of the pretest (section II D), a preliminary report on conclusions regarding methodology, pointing out special considerations, and advantages and limitations of procedures used. This report will include an assessment of the usefulness of the data for analytical purposes. This preliminary report shall be submitted to the contracting officer by March 31, 1956.

C. Final reports on (1) results of the study carried out under part I, and (2) methodological procedures developed and tested. These two reports shall be cleared by responsible officials of Michigan State College as being suitable for publication and submitted to the contracting officer by December 31, 1957.

IV. The contractor agrees to submit to the contracting officer or his designated representative copies of all questionnaires and survey plans for transmittal in accordance with Departmental regulations, to the Bureau of the Budget for approval prior to their use, in accordance with the Federal Reports Act of 1942.

Schedule of Payments

V. The Department agrees to pay the contractor the sum of $20,000 as follows:

A. An advance payment of $4,000 upon signing of this contract.

B. Four thousand dollars ($4,000) upon receipt of a satisfactory statement as specified in Section III A.

C. Four thousand dollars ($4,000) upon receipt of a satisfactory preliminary report as specified in Section III B.

D. Four thousand dollars ($4,000) upon completion of field work specified in I C, I D, and I E.

E. Four thousand dollars ($4,000) upon receipt of satisfactory final reports as specified in Section III C.

The contracting officer or his designated representative will act for the Department in receiving, reviewing and accepting the reports fulfilling the various contract provisions.